REMARKS/ARGUMENTS

Following amendment, thirty-seven (37) total claims and three (3) independent claims (claims 1, 7, and 21) remain in this application. Specifically, Applicants seek to amend the existing claims and to add new claims 35-37. The claims are being amended to clarify the subject matter of the present invention, to place the present application in better condition for examination, and to correct minor typographical errors in the original claims. Applicants believe that the present Amendment adds no new subject matter and respectfully request the entering of this Amendment.

OATH/DECLARATION

Section 2 of the Office Action objects to the previously submitted declaration as being defective. The Undersigned notes that the originally submitted declaration is only defective for 1 of the 3 inventors (Robert L. Phillips). In response to this objection, a supplemental declaration executed by inventor Phillips is enclosed.

OBJECTIONS TO DRAWING

Section 3 of the Office Action objects to the drawings for failing to show every claimed feature. In response, Applicants have enclosed a proposed Figure 5. It is believed that this new figure adds no new subject matter to the present application and should be entered. Applicants believe that the grounds for objection contained in paragraphs 3 have been addressed, and that present application is in condition for allowance.

OBJECTIONS TO THE SPECIFICATION

Section 4 of the Office Action objected to the specification because page 25 contained two line graphs. In response, Applicants propose to delete the two graphs and amend the associated paragraph at the bottom of page 25 to verbally describe the contents of the graphs. Applicants have attempted to carefully word the additional text to avoid the addition of new subject matter.

CLAIM REJECTIONS UNDER 35 USC §112 (4)

Section 6 of the Office Action rejects claim 30 under 35 USC §112 (4) as being of improper dependent form and for failing to further limit the independent claim. Applicants have made appropriate amendment to correct the dependency. Applicants believe that this ground for rejection has been overcome.

CLAIM REJECTIONS UNDER THE JUDICIALLY CREATED DOCTRINE OF DOUBLE PATENTING

Section 7 of the Office Action rejects claims 1-34 under the judicially created doctrine of double patenting over the co-pending, co-owned U.S application No. 09/517,783. In response, Applicants enclose a terminal disclaimer in compliance with 37 CFR 1.321(C) duly executed by the undersigned, Applicants' registered attorney of record. Accordingly, it is believed that this ground for rejection has been overcome.

CLAIM REJECTIONS UNDER 35 USC §101

Continuing with the Office Action, sections 8 rejected claims 1-34 under 35 USC §101 as lacking technical contents. Applicants have attempted to address this rejection through claim amendments to specifically identify and claim the technical

elements of the present invention. While much current ambiguity exists in regards to the appropriate claim content and structure needed to satisfy requirements of 35 USC §101, Applicants have attempted to amend the claims according to advice and assistance received from the USPTO helpline.

CLAIM REJECTIONS UNDER 35 USC §103(A)

Sections 9 of the Office Action rejects claims 1-34 under 35 USC §103(a) as being unpatentably obvious in view of the combination of US Patent No. 5,189,606 issued to Burns, *et al.* ("the '606 patent") and U.S. Published application No. 2001/0037278 submitted by Messmer et. al. ("the Messmer reference"). As an initial observation, Applicants note that the Messmer reference is not a proper prior art reference under 35 USC 102(e) and, thus, cannot be considered as a 103(a) reference. The present application was filed on March 3, 2000 and claims priority to Provisional Applications Nos. 60/123,345, 60/122,958, and 60/178,501 filed, respectively, on March 5, 1999, March 5, 1999, and January 27, 2000. Since the claimed elements are taught in the Provisional Applications Nos. 60/123,345 and 60/122,958, the present application thus has an earlier priority date than the Messmer reference, which was filed on December 14, 2000 and claims priority to a provisional was filed on December 30, 1999.

Applicants have carefully reviewed the '606 patent, the Messmer reference (which is not believed to be citable prior art), and the other references cited in the Office Action to support the proposition that it is well known to calculate the probability of winning a bid. Applicants respectfully submit that these references, either separately or in combination, do not teach or suggest the claimed embodiments of the present invention.

As provided in MPEP §2143, three basic criteria must be met to establish a *prima facie* case of obviousness:

> First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

As an initial observation that Applicants note that the Office Action does not address the first two prongs of this test is anyway. The Office Action does not provide any motivation to combine the cited references, as required in MPEP §2143. As further addressed in MPEP §2143.01, "Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention **where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art** [Emphasis added], citing to In re Kotzab, 217 F.3d 1365, 1370, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000) ("The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art."). See, also, In re Lee, 277 F.3d 1338, 1342-44, 61 USPQ2d 1430, 1433-34 (Fed. Cir. 2002) (discussing the importance of relying on objective evidence and making specific factual findings with respect to the motivation to combine references). Applicants particularly note that MPEP §2143.01 clearly states that the mere fact that the cited references can be combined or modified is not sufficient to establish prima facie obviousness, citing to In re Mills, 916 F.2d 680, at 682, 16 USPQ2d 1430 (Fed. Cir. 1990) (Although a prior art device "may be capable of being modified to run the way the apparatus is claimed, there must be a suggestion or motivation in the reference to do so.").

MPEP §2143.01 further adds that the mere fact that the claimed invention is within the capabilities of one of ordinary skill in the art is not sufficient by itself to establish prima facie obviousness. Specifically, the Office Action must present some objective reason to combine the teachings of the references.

Applicants respectfully suggest that motivation to does not exist to combine the references since they concern different specific markets that appear to be inherently incompatible. As described below, the '606 patent specifically concerns cost tracking in defense-related construction by multiple third-party subcontractors whereas the Messmer reference relates to an iterative statistical process for pricing auctions bids in which potential bids are randomly created using a predefined distribution and analyzed using known statistical techniques. There is simply no suggestion in these references or in the existing state of the industry that gives a motivation to combining the references from different fields.

Likewise, U.S. Patent No. 5,960,407 issued to Vivona ("the '407 patent") relates to an automated system for search through classified ads and automatically forming price estimates using keyword contained in the classified advertisement. The Boyd, et al. reference (WO 00/52605), is the published international application filed in connection with the above-referenced co-pending U.S. Application 09/517,783 terminally disclaimed above, and not citable as prior art under 35 USC 102/103 because it does not a have an earlier filing date than the present application. The Kocher reference relates to an automated pawn brokerage system that includes an automatic appraisal feature that, similar to the '606 patent and the '407 patents, merely price items using stored pricing information. The Burnett, et al. article merely addresses theoretical strategies for bidding in unit price contracts, such as reverse auction situations, and is inherently incompatible with the '606 patent which is designed to price building related goods and services in different markets (thus for use in non-unit price contracts). U.S. Patent No. 6,553,352 issued

to Delurgio, et al. is not a prior art reference for 102/103 purposes since it was filed May 4, 2001, well after the priority date of the present application. Likewise, the Walser, et al, reference is not a prior art reference for 102/103 purposes since it was filed December 9, 2003, well after the priority date of the present application.

Applicants particularly note that the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure, In re Vaeck, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991), and Applicants believe that there is no discussion in the Office Action of a motivation to combine the cited references except to discuss the claimed aspects and to locate these aspects on a piecemeal basis.

Turning now to the second prong of the test for obviousness under 35 USC §103, the Office Action does not address the feasibility of combining the cited reference in order to achieve the claimed embodiments of the present invention. While the Office Action asserts that it would have been within the ordinary skill of the art to modify and combine the cited references, MPEP §2143.02 requires the Office Action to present a reasonable expectation of success to combine the cited references. As stated in greater detail in the detailed discussion of the references, Applicants strongly believe that it would be impossible to combine the cited references to form the claimed embodiments of the present invention. The target pricing solutions of the present invention were formed only through great efforts and represent a significant change from existing apparatuses.

Turning now the next part in the three-prong test for Obviousness under §103 summarized in MPEP §2143, Applicants further believe that the prior art reference (or references when combined) do not teach or suggest all the claim limitations, as described in greater detail below.

The claimed embodiments of the present invention provide method for producing an optimal bid value that balances the probability of winning the bidding contest in a conventional auction with the expected profitability from winning the bid. As described in the background section of the patent application, a bidding situation often involves difficult decisions for business whereby a lower bid increases the possibility for winning the auction but results in lower profits from providing the subject goods or services. An organization that wins too few auctions will fail for lack of business, while an organization that underbids to win an auction will fail to maximize profits or even lose money on the bidded auction. Also, a lower bid may cause competitor to offer lower bids in response, lowering profits without any benefit to the bidders. Furthermore, different levels of goods and services incur different levels of costs/profits to an organization. For example, an organization may be able to profitably provide X widgets at price P but may lose money providing 2X widgets at Price P due to increasing marginal costs. The present invention further examines other factors that would determine auction outcomes, such as the actions of competitors (e.g., their likely bidding actions and overall willingness to join the auction) and the prior relationship with the purchaser. Referring now to Claim 1, which is discussed in greater detail below, the present invention provides a target pricing method for obtaining an optimal bid in an auction. The method includes using a product model having various pricing possibilities for a commodity and information on the profitability at each of the pricing possibilities. The method further uses a Competitor price model to likewise calculate net prices for competitors. The method then uses a market response model that calculates the likelihood of winning with the bid value as a function price. Similar limitations are also contained in the other independent claims 7, and. Claims 3, 7, and 21 further add the use of an optimization model that computes a target price that maximizes Expected Contribution (defined in the specification as the probability of winning the

auction at the price multiplied by the profits at the price as represented by net prices minus marginal costs).

'606 Patent

The '606 patent represents a buyer's tool that is simply unable to assist a bidder in assessing different potential bid amounts in a competitive auction. In particular, the '606 patent provides a system for estimating fair construction for different structures in different areas. The Applicants note that the '606 patent has particular application to government contracts, where a single buyer (the government) is seeking to differentiate between cost for different structures in different areas. The '606 patent could be used to determine the costs associated with acquiring a good or service. However, as stated above, this feature does not teach the elements contained in the claimed embodiments of the present invention. Returning to claim 1, inter alia, the '606 patent does not present or suggest the pricing of a value using a product module that provides different possible bid amounts. The prices provided in the '606 patent are absolute, reflecting fair construction costs for different structures in different areas. Furthermore, the '606 patent does not provide the use of a product module containing different costs associated with each of the bid prices. The costs in the '606 patent are assumed to be static, regardless of the bid price. The '606 patent further does not contain or suggest the use of a competitor module that contains competitor prices for each bid amount. The '606 patent simply contains actual cost for the suppliers, and does not address a change in these prices if one of the suppliers offers a different rate. Similarly, as stated in the Office Action, the '606 patent does not deal with auction bidding and, thus, does not address the use of a market response model that calculates the possibility of success associated with each bid price. The '606 patent assumes a static "fair price" and uses these prices to assess bids, with lower bids

representing bargains and higher prices presenting bad deals. The '606 patent assumes a 100 percent possibility of winning a bid with a lower price. The probabilistic model in the '606 patent merely represents different possible costs, which are somehow considered when determining a fair price.

By way of example, if an auction was held to provide construct a building for the government, the '606 patent would look to local supply and demand conditions, use these supply and demand conditions to guess market conditions at various times and locations, and use of these market conditions to evaluate a proposed construction bid. The '606 patent could not suggest the results when one of the construction company offers a different price, where the results reflect the costs of that price to that construction company, the response of the other construction company to the change in price, and possibility of purchasing or constructing the building at the different price. The '606 patent also does not address differences in the builders, such as differences in the quality (as evidenced by competitors cost for bidding) or preexisting relationships between the purchaser and bidder.

Continuing with the use of the optimization model, such as in claim 3, for calculating a target price that optimizes expected contribution, the '606 patent does not and cannot provide or suggest such an element since the '606 patent simply does not address calculation of expected contribution. In particular, this reference does not address the possibility of winning an auction at different prices or the expected profits from winning auction at a different price (as represented by net prices minus marginal costs). The probability model provided in the '606 patent only addresses the occurrence of possible events that influence construction costs and does not address, in any way, the possibility of winning an auction at different prices.

Applicants thus respectfully request reconsideration and allowance of independent claims 1, 7, and 21, along with the remaining claims depending therefrom.

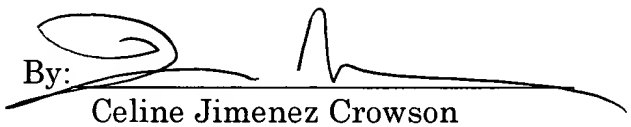
Conclusion

In view of the foregoing, the Applicants respectfully request that the Examiner considers the above-noted amendment when the application is examined on its merits and that the Examiner issues a timely allowance of the pending claims. The Examiner is invited to contact Applicants' undersigned representatives to expedite prosecution.

If there are any fees due in connection with the filing of this response, please charge the fees to our Deposit Account No. 50-1349.

Respectfully submitted,

Dated: January 23, 2004

By: 

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